Community Planning and Economic Development (CPED)

Mission Statement

To promote and advance the City's planning and community development goals through strategic partnerships and responsible management of resources, and to support the public interest through implementation of the City's plans and priorities.

Primary Businesses:

Housing

Economic Development

Community Planning

Development Services

Workforce Development

Partnerships and Community Engagement

Key Trends and Challenges Impacting the Department:

Challenge of Establishing a New City Department

CPED faces enormous opportunities and challenges as the projects, programs, activities and staffs of the Minneapolis Community Development Agency, the Planning Department, the Minneapolis Empowerment Zone and the Minneapolis Employment and Training Program are merged into one new City department. The McKinsey study and the Focus Minneapolis resolution have raised expectations that development processes and customer service will be greatly enhanced by the establishment of CPED. Numerous strategic, policy, programmatic and practical issues must be identified and resolved, in the midst of on-going project and program activity. Policy questions around public engagement, the Neighborhood Revitalization Program (NRP), community planning, and citizen participation in planning and development require attention and resolution. The new department must successfully blend the cultures and practices of the combining entities.

Limited Financial Resources

CPED, along with every City department, faces severe limitations on the financial resources available to carry out its projects and programs. The availability of funding is declining at federal, state, county and city levels. Remaining funding sources often carry restrictions that limit how funds may be used. Staff levels have been greatly affected by recent reductions in force, creating challenges to prioritize human and capital resources.

Economic and Demographic Trends

There is a need to improve tracking of market and socioeconomic data and trends to increase the effectiveness of the department's activities. CPED and the Metropolitan Council will explore data sharing opportunities.

Economic and demographic trends that will influence CPED's strategies and activities include:

Housing:

- A perceived potential bursting of the housing bubble, especially for high-end housing.
- Low interest rates have enabled people who would not otherwise qualify to purchase houses do so at inflated prices, which may lead to long-term affordability problems.

- A growing need for housing with supportive services for those with mental health, chemical dependency and other issues contributing to homelessness.
- An increasing housing affordability gap; the rise in house values is exceeding the rise in incomes.

Economic Development:

- A need to create wealth and eliminate barriers faced by people of color, new arrivals and those with low-incomes.
- A shortage of sites for new and expanding industrial uses.
- Building permit activity is increasing.
- Office space vacancy rates continue to rise, both within and outside the Central Business District; vacancy rates create revenue risk for both private and public sectors.
- Unemployment rates are flat (people are not losing jobs at the same rate as in the recent past, but neither are they being hired), with Twin Cities metro area unemployment rates better than those of the nation as a whole.

Community Planning:

- Challenges associated with infrastructure and transportation needs: congestion is an increasing problem; parking is a challenge in neighborhoods and downtown; LRT is new infrastructure that presents opportunities and challenges.
- Roles and resources need to be defined.

Workforce Development:

- Recent improvements in the economy are not producing jobs; even though the financial health of many companies is improving, they are not hiring new workers in great numbers, and wages are down for those who are hired.
- A need to integrate new arrivals into the labor market and to maintain the quality of the labor force.

Policy Environment

CPED must successfully operate within local, regional, state and national policy environments. Locally, policy emphases on producing affordable housing, revitalizing commercial corridors and producing living wage jobs will greatly influence CPED's strategies and activities. Yet City goals and priorities are broadly defined, and the department at times faces a lack of consensus and unrealistic expectations given available resources.

The regulatory environment is challenging. Conflicting policy direction to staff (including issues related to traditional urban design, and transit and pedestrian orientation) at times leads to difficulty in implementing the new Zoning Code.

Concern over the use of tax increment financing, the chief remaining redevelopment financing tool, may constrain CPED's ability to achieve City goals.

The metropolitan region as a whole needs to strengthen its policy and political framework to successfully compete in national and world markets.

At the state level, political shifts within the Legislature have presented challenges in advancing the interests of Minneapolis citizens and businesses.

Key Initiatives or Other Models for Providing Service to be implemented:

- I. Enterprise Alignment and Accountability
- 1. Focus Minneapolis Process

The September 2002 Focus Minneapolis resolution set the broad policy framework within which the new Department of Community Planning and Economic Development is being created. By the end of 2003, a number of steps will have been taken to establish the new department: policy decisions about the component units of the new department have been made; enabling legislation and the implementing ordinance have been passed; and new management is in

place. Financial assets and programs will be transferred from MCDA to the City at year-end. The department is hard at work producing a consolidated budget and business plan which will be more fully developed in time for the Council budget hearing in September.

The next steps, which have already begun, are to align the newly integrated resources of this department with each other and with citywide priorities in order to achieve the development-related service improvements which the Focus Minneapolis process was intended to produce. In 2004, there will be more consciously targeted uses of limited development resources. The regulatory functions of Planning will be more closely coordinated with those of Regulatory Services and other City departments as part of the One-Stop Shop initiative. There will be strengthened partnerships with public and private entities outside of city government. There will be an increased attention to private market trends and support of private market efforts to grow jobs and build housing. And there will be a clearer relationship between the City, NRP, neighborhood groups, and residents about roles, responsibilities, and resources around citizen access and participation in various City processes, and City support of that participation. The differences we will make are defined further in the outcome measures listed in both the department and service activity level. The resources we need to make that difference are outlined in this proposed budget.

2. Pending Policy Decisions

As of the date of submission of this budget request, there are at least three major outstanding policy decisions which will significantly impact CPED: proposed changes to the NRP ordinance; the potential advance use of the 2009 Brookfield repayment: and the overall community engagement model. Decisions in these areas will greatly affect CPED's roles and capacity to carry out citywide priorities. Likewise, the availability of federal and state funds in 2004 is uncertain in key areas (e.g. pollution cleanup). The CPED budget submission assumes a minimal level of general development revenues, thus continuing a downward trend in the department's historical funding levels for citywide housing and economic programs. Consistent with the Five Year Financial Direction adopted in January, we have not assumed use of Hilton funds or Brookfield repayment funds for development, and have projected a \$2 million reduction in Chapter 595 levy funds to \$2 million. These assumptions severely constrain the department's ability to sustain citywide program initiatives at historical levels. Thus, with the exception of the Affordable Housing Trust Fund, the initiatives identified below will not happen without some increase in funding levels beyond what is currently known and budgeted and/or require further shifts from existing programmatic activity.

II. Housing

1. Affordable Housing Trust Fund.

Affordable housing remains CPED's highest housing priority. The Affordable Housing Trust Fund will again be funded in 2004 at \$10 million, the same level as 2003 funding. Funding sources are a combination of federal funds (CDBG, HOME, ESG and EZ) and local Chapter 595 levy funds. This does not count any use of NRP funds.

2. Improve the environment for new production, preservation and increased quality of housing units.

CPED proposes to initiate the Affordability and Choice Today (ACT) project to provide funding to private and non-profit builders, developers, planners and architects to undertake innovative housing and regulatory reform initiatives in order to improve housing affordability, choice and quality. Three types of projects could be funded under the ACT Program:

- a) Demonstration Project grants to help grantees carry out building or renovation projects to show how new ideas in design, technology, planning or servicing could lower costs or meet special needs (e.g., Land Trust, corridor development, etc.).
- b) Promotion Project grants to help promote regulatory reform, to kick-start action in community, to help promote a project on the go, or to share experience with other neighborhoods.
- c) Stakeholder market advocacy conference with policy makers, non-profit and for-profit housing builders, developers and advocates, which could be convened in the spring of 2004 to learn about opportunities and tools for investment in the City of Minneapolis.
- 3. Increase homeownership opportunity among under-served populations.

Demonstration Project grants to help non-profit and for-profit developers undertake housing initiatives that place an emphasis on under-served populations of the City of Minneapolis.

4. Develop finance plan and secure funding sources to allow Heritage Park to meet its construction deadline as described in the Consent Decree.

The Heritage Park finance plan has financing gaps that will need to be eliminated. Together with our project partners, CPED will work to identify firm funding sources to complete the finance plan by early 2004. CPED will also work to ensure solid project management for the remainder of the project.

III. Economic Development

CPED will leverage its newly integrated resources and those of outside partners to effectively guide and develop highpriority project areas such as downtown, designated corridors and sites adjacent to the new LRT line.

The department will collaborate with Regulatory Services on implementing a small business strategy that will include process improvements in the One-Stop Shop, strengthening communications with the small business community, and reducing transactional time and costs.

Finally, as in the housing area, the department will seek ways to better understand private market trends (via more timely information collected internally and externally) and will offer increased support of private efforts to grow and maintain jobs in the city. Building on the ad hoc process of the past year, a Council of Economic Advisors has been formed to advise the department on market trends. A pilot survey will be distributed to 100 businesses throughout Minneapolis in the fall of 2003. Developed by staff from MCDA, Planning, METP and Empowerment Zone, now working together as CPED, this survey will solicit information on job training, financial and regulatory needs of commercial, retail and industrial businesses throughout Minneapolis. Representatives from the Minneapolis business community will meet with CPED staff to provide input prior to distribution of the survey.

IV. Jobs and Partnerships / Citizen Engagement

1. Leveraging and Partnering

In this budget, we have defined our 2004 agenda and preliminary goals. It should be noted that not all of the outcomes are achievable solely within the revenue identified herein. For example, we seek to close the historical gap between city and regional unemployment rates. Our goal is to lower the city's unemployment rate (currently at 5.7%) to under 5.0%, which would be closer to the regional rate of 4.7%. However, it must be understood that some economic factors reflect broader market conditions and are not within our control.

To achieve our goal, we will need to partner more effectively and leverage City resources with other public and private resources. CPED should play a crucial role in convening and organizing resources across the sectors to achieve common goals.

2. Citizen Engagement

Last fall's Focus Minneapolis resolution contemplated an integrated citizen engagement function within the City and directed further study on the question of the relationship of NRP to CPED and the City. That study was completed and policy decisions on the financial components of the relationship are now pending before the City Council. Other aspects of the broader topic – such the geographic model or role of staff support to community groups or level of resident participation in various city processes – have not yet been thoroughly discussed or resolved. Preliminary information gathered for the July 18 City Council study session indicates that the City enterprise spends upwards of \$8 million annually for various citizen engagement and participation programs. As last fall's resolution and the study on which it was based noted, there is much to be gained from coherence and alignment in the exchanges between City government and citizens. Important policy judgments will shape CPED's role in citizen engagement before this budget proposal is finalized. For now, we express our willingness to serve as a force for helping make citizen participation more coherent, efficient and meaningful in the City of Minneapolis. In the present era of distressed resources, important choices about roles and responsibilities will need to be made so that expectations – on both

sides of the resident/City relationship - can become clearer.

V. Planning

1. Development Services: One-Stop Shop

As noted above, CPED's Planning team is committed to its part in making the One-Stop Shop successful and is proposing a revenue strategy to put this function on a more consistent financial basis by moving towards a user fee funding base over a three year period.

2. Community Planning

Resources for this function have been severely constrained due to recent budget reductions, so as part of the larger discussion on citizen engagement, it will be critical to clarify to the public the reduced roles and responsibilities of Planning staff in relation to the new geographic district model that was initiated earlier this year.

3. Comprehensive/Advance Planning

This planning function has suffered from declining resources. With the Regional Blueprint 2003 expected to be completed by the end of 2003, we will need to determine a plan for review. For now, a targeted, reduced list of high priority master plan and strategic comprehensive plan amendments will be developed and maintained consistent with available resources.

4. Research

Efforts have started and will continue to restore some of the lost capacity in this functional area. In addition to the new quarterly publication of Minneapolis Trends, there will be additional efforts to enlist the assistance of outside expertise (via mechanisms such as the Council of Economic Advisors) and via direct survey work (such as the pilot survey of businesses being done this fall). In a time of limited resources, it is critical for the department to have current information about market gaps and opportunities.

- VI. Notes on Two Specific Budget Increase Requests
- 1. Restoration of funding for Planner II Grants staff for Empowerment Zone (EZ) \$60,000 total / \$30,000 over 2003 level

Over the last two years, the EZ has shared funding for a grants writer with the City Coordinator/Grants Office. The City Coordinator's portion of funding for the position was eliminated in the spring 2003 round of cuts. The EZ continues to have a need for this function and is requesting restoration of a Planner II – Grants position funded 100% by EZ funds. This position would continue assisting with EZ related grant applications, and RFP development. Now that EZ is located within CPED, other units within CPED such as METP and MCDA have indicated a potential interest in sharing in this position's funding and staff time on a limited basis. With over \$20 million in federal and state grants now being administered by CPED, there is an increased need for departmental support of this funding stream.

2. Requested Increase in CDBG

CPED is requesting an approximately \$1 million increase in its CDBG allocation for Year 30 over Year 29. This increase is a partial response to the decrease in general purpose capital funding as described earlier. The proposed uses of this \$1 million are as follows:

a) Loan and Grant program: \$446,691 increase (current year allocation = \$0)

This supports the Residential Finance Loan Servicing contract and staff costs associated with the management of mortgage and loan improvement contracts which will continue to be serviced in-house. This and the capital portion of the contract was financed in Year 29 by the draw down of program fund balance with the understanding that the request would be reinstated when balances were about to be depleted. Although this is an increase over the Year 29 level, it is substantially less than the \$1.2 million annual funding level leading up to Year 29 because it reflects only CPED and GMHC program delivery costs. No additional capital request is being made at this time. Capital funding is expected to continue to be funded from remaining program balances. At this level of funding it is projected that 50 home improvement loans will be made.

b) GMHC

Reallocation of \$465,953 from Vacant/Boarded Housing to GMHC, additional allocation of \$125,969 to GMHC, for a total Year 30 allocation of \$591,922. (current year allocation for GMHC: \$0)

GMHC did not request Year 29 funding since there were sufficient remaining prior year funds to support activity. Having drawn down those balances, the program is requesting funds at a slightly reduced level from prior funding years. It is projected that 15 to 25 units for low/moderate ownership will be completed in 2004.

c) Mortgage Foreclosure Prevention Program \$250,000 (current year allocation: \$0)

This funds the Mortgage Foreclosure Prevention Program that is now determined by HUD to be CDBG-eligible. It was not funded in the CDBG program in Year 29. The program is administered on behalf of Minneapolis and St. Paul by the Homeownership Center. At this level of funding, it is projected that 35 foreclosures will be prevented.

d) Multifamily \$153,434

This slightly increases the funding level for affordable-level activity to \$5.4 million, and represents a \$2.6 million increase over the Year 26/27/28 annual levels of \$2.8 million.

A complete tally of the CPED Year 30 CDBG request is included in the overall CDBG schedule elsewhere in the budget book and can be provided as a separate table if requested.

Key Departmental Outcome Measures:

Outcome Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
% reduction in gap between unemployment rate in City and metro region					
# of new and positive conversion completed (multifamily housing units placed in service)	637	563	465	720	815
rehab/stabilization/preservation completed (multifamily housing units placed in service)	240	268	522	385	575
# of affordable (<50%) multifamily housing units completed with CPED assistance	505	504	612	649	715
estimated increase in annual property taxes due to economic development projects completed during year (at rate in year of completion)		\$7,029,000	\$1,283,000	\$3,236,529	\$1,108,408
# of small business loans	146	161	150	180	185
# of new jobs projected	579	1,749	1,441	1,635	585
# of studies conducted on trends affecting City policy and development	12	10	8	8	8
# of land use applications reviewed	871	926	996	931	931
# of building permits reviewed		2,460	4,958	4,500	4,500
# of jobs provided through job linkage agreements	689	1,020	1,214	1,600	2,300
# of people served in workforce development programs	15,370	15,459	18,661	19,320	19,364
# of people placed in jobs through workforce development programs	6,324	5,758	6,452	6,259	6,084

Explanation of Performance Data for Departmental Outcome Measures:

- "Completed" means there has been a final construction disbursement, a Certificate of Completion has been issued by CPED, and/or a Certificate of Occupancy has been issued by the City. Completed units are produced with funds from prior years.
- "Conversion" means previously non-residential properties have been converted to residential use.
- "Multifamily" means all rental projects and ownership projects with more than 10 units.
- "Affordable (<50%)" means units that are affordable to families with incomes at or below 50 percent of the metropolitan median family income.
- The measure concerning affordable units is a subset of the measures concerning the number of multifamily housing units placed in service.
- "New jobs projected" means a developer's estimate of the number of new jobs resulting from activity financed with CPED assistance. Estimates are not available for all completed projects.

Primary Business:

A. Housing

Service Activity:

1. Provide financing for the development and preservation of affordable and mixed-income rental housing.

Description:

CPED administers a number of programs for the development and preservation of affordable and mixed-income rental housing. Funds are targeted to meet City housing priorities, including supportive/special needs, senior/elderly, large family, corridor/transit/density, and mixed-use.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of new/conversion multifamily units completed	637	469	444	545	555
# of rehabilitated multifamily units completed	240	268	522	385	535
# of affordable (<50%) multifamily housing units completed	505	484	596	634	655
# of multifamily units to result from closed loans and construction starts		969	1,694	1,975	1,450

Explanation of key performance measures:

- Data for 2000 includes both rental and ownership housing. 2001-2004 figures reflect rental housing only.
- "Conversion" means previously non-residential properties have been converted to residential use.
- "Multifamily" means all rental projects and ownership projects with more than 10 units.
- "Completed" means there has been a final construction disbursement, a Certificate of Completion has been issued by the MCDA, and/or a Certificate of Occupancy has been issued by the City. Completed units are produced with funds from prior years.
- "Closed" means financial closing and construction start. Generally, closed units are produced with funds from prior years.
- "Affordable (<50%)" means units that are affordable to families with incomes at or below 50 percent of the metropolitan median family income.
- The third measure listed above (number of affordable units) is a subset of the first two measures, and includes both new/conversion and rehabilitated units.

Service Activity:

2. Provide financing for the development and preservation of affordable and mixed-income ownership housing.

Description:

CPED administers a number of programs for the development and preservation of affordable and mixed-income ownership housing. Funds are targeted to meet City housing priorities, including long-term/perpetual affordability, corridor/transit/density, and mixed-use.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of new /conversion multifamily units completed	637	94	21	175	260
# of rehabilitated multifamily units completed	240	0	0	0	40
# of affordable (<50%) multifamily housing units completed	505	20*	16*	15	60
# of multifamily units to result from closed loans and construction starts		180	449	225	350

Explanation of key performance measures:

- Data for 2000 includes both rental and ownership housing. 2001-2004 figures reflect ownership housing only.
- *Combined multifamily and single-family units. All other numbers are multifamily only.
- "Conversion" means previously non-residential properties have been converted to residential use.
- "Multifamily" means all rental projects and ownership projects with more than 10 units.
- "Completed" means there has been a final construction disbursement, a Certificate of Completion has been issued by CPED, and/or a Certificate of Occupancy has been issued by the City. Completed units are produced with funds from prior years.
- "Closed" means financial closing and construction start. Generally, closed units are produced with funds from prior years.
- "Affordable (<50%)" means units that are affordable to families with incomes at or below 50 percent of the metropolitan median family income.
- The third measure listed above (number of affordable units) is a subset of the first two measures, and includes both new/conversion and rehabilitated units.

Service Activity:

3. Develop and rehabilitate moderate and market rate single-family ownership housing.

Description:

CPED administers programs to return vacant lots and vacant and/or boarded structures to the city's housing supply.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of single-family units constructed	58	131	74	140	150
# of single-family units rehabilitated	22	31	6	20	15
# of low/moderate income (<80%) single-family units completed	39	74	54	62	60
# of lots sold for single-family development		163	124	150	150

Explanation of key performance measures:

- "Constructed" means a Certificate of Completion has been issued by CPED.
- "Single-family" means all ownership projects with 10 or fewer units.
- "Affordable (<80%)" means units that are affordable to families with incomes at or below 80 percent of the metropolitan median family income.
- "Completed" means there has been a final construction disbursement, a Certificate of Completion has been issued by CPED, and/or a Certificate of Occupancy has been issued by the City.

Service Activity:

4. Create an environment that encourages and supports private market activity in the production and preservation of housing for all income levels.

Description:

CPED will undertake initiatives to remove obstacles, promote growth and support private sector housing development efforts. Initiatives will include participation in the One-Stop Shop/Development Review Center and the collection of developer feedback through surveys.

Key Performance Measures for the Service Activity:

2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
347	1,120	1,866	1,340	1,400
-90	958	1,715	1,190	1,250
1.6%	5.0%	7.3%	5.5%	5.8%
	347 -90	347 1,120 -90 958	347 1,120 1,866 -90 958 1,715	347 1,120 1,866 1,340 -90 958 1,715 1,190

[%] of customers satisfied with City development processes

Explanation of key performance measures:

These are newly identified performance measures for a new Service Activity. Data will be added as business planning work continues.

Service Activity:

5. Provide financing for home improvement and home mortgages.

Description:

Through a vendor contract, CPED provides financing to Minneapolis homeowners who might not otherwise be able to carry out home improvements or code repairs. The Empowerment Zone provides down payment and closing cost assistance to homebuyers within the zone. Mortgage financing is provided under agreements with private lenders. Mortgage lending has been temporarily suspended because the interest rates are not competitive with private sector rates, and because the investment yield on trustee accounts are too low, thereby increasing program operating costs. As markets change to produce more competitive mortgage rates, programs will be reactivated.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of home improvement loans	164	75	131	54	46
% of loans to minorities	30%	23%	31%	27%	27%
% of loans to female-headed households	60%	38%	50%	45%	45%

% of loans to households <50% of median income	77%	51%	64%	65%	65%
# of mortgage loans	463	119	138	200	25
% of mortgage loans to minorities	27%	275	27%	27%	27%
% of mortgage loans to female-headed households	35%	45%	35%	30%	30%
% of mortgage loans to households <50% of median income	25%	23%	25%	25%	25%

Explanation of key performance measures:

- Loan recipients indicate minority status on program application forms.
- Loan recipients indicate female-headed household status on program application forms.
- "Affordable (<50%)" means units that are affordable to families with incomes at or below 50 percent of the metropolitan median family income.

B. Economic Development

Service Activity:

1. Position and promote Minneapolis as a world class community for business.

Description:

CPED works closely with public, private and non-profit partners to achieve vibrant neighborhoods, an exceptional urban core, a robust regional economy and quality jobs for all citizens. The department will undertake initiatives to remove obstacles, promote growth and support business development. These efforts will include advocating at local, regional, state and federal levels for the physical infrastructure, cultural/recreational resources, and human capacity a world class community needs. CPED will build relationships with key business leaders and elected officials to strengthen private/public partnerships. The department will monitor market trends and socioeconomic data to identify and promote economic development opportunities. CPED will collaborate with other agencies to foster a positive environment for business. The department will leverage its resources by focusing on and promoting catalyst projects and priority initiatives.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
ranking on City business and other surveys					
ranking on quality of life indices					
total # of businesses					
Minneapolis share of regional economic activity (based on gross income)			12.3%		
total # of employees in Minneapolis					
# of city residents with jobs			207,500		
city residents' share of regional jobs					
# of permits issued for commercial repairs/improvements					
value of permits issued for commercial repairs/improvements					
# of permits issued for new commercial construction					
value of permits issued for new commercial construction					
# of GMCVA events/attendees					
# of patrons of City-owned entertainment and sports venues	2,248,517	1,976,517	2,010,299	2,140,000	2,000,000
key industrial sector performance					
key initiative performance					
# of top 10 employers with City partner relationship					
# of top 10 commercial taxpayers with City partner relationship					
# of top 10 innovators with City partner relationship					

Explanation of key performance measures:

These are newly identified performance measures for a new Service Activity. Data will be added as business planning work continues.

Service Activity:

2. Provide sites and financing for commercial and industrial development.

Description:

CPED provides site assembly and financial assistance for commercial and industrial development in order to preserve and create living-wage jobs, enhance the City's tax base, redevelop blighted and contaminated areas and provide commercial services to City residents. In support of industrial activity, CPED owns and manages the Upper Harbor Terminal.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of economic development projects under construction, completed or closed		38	33	39	29
# of economic development projects completed (subset of above measure)	4	12	10	15	13
estimated increase in annual property taxes due to completed projects (at rate in year of completion)		\$7,029,000	\$1,283,000	\$3,236,529	\$1,108,408
contamination cleanup grants secured	\$4,891,996	\$6,138,803	\$4,337,485	\$3,000,000	\$1,500,000
# of new jobs projected	202	1,445	1,092	1,285	235

Explanation of key performance measures:

- "Completed" means there has been a final construction disbursement or a Certificate of Completion has been issued by CPED.
- "Closed" means there has been a real estate closing and/or project financing is in place.
- "New jobs projected" means a developer's estimate of the number of new jobs resulting from activity financed with CPED assistance. Estimates are not available for all completed projects.
- Jobs estimates include jobs resulting from all business development projects, including downtown, riverfront and those covered by job linkage agreements.

Service Activity:

3. Provide financing and technical assistance to small businesses.

Description:

CPED uses a variety of funding tools to leverage private financing for business expansion projects that keep businesses in the city, increase the availability of neighborhood commercial services, retain and create jobs, and support business start-ups among minority and immigrant populations. CPED provides technical assistance and guidance to businesses starting, expanding or relocating in Minneapolis.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of business loans	146	161	150	180	185
public/private investment ratio	1:4	1:14	1:18	1:11	1:16
# of new jobs projected	377	304	349	350	350
# of existing jobs	1044	1,561	1,718	1,600	1,600

Explanation of key performance measures:

- "New jobs projected" means a business' estimate of the number of new jobs resulting from activity financed with CPED assistance.
- "Existing jobs" means the number of jobs at assisted businesses prior to activity financed with CPED assistance, as reported by the business.

Service Activity:

4. Maintain a vital downtown and central riverfront.

Description:

CPED helps to strengthen downtown retail and entertainment sectors, expand downtown housing opportunities and maintain downtown as the principal employment center of the region. CPED owns and manages three downtown theaters and the Target Center. CPED helps to remove barriers to riverfront development; install or rehabilitate infrastructure; develop a variety of riverfront housing types for all income levels; preserve historic buildings and resources; enhance recreational, entertainment and cultural amenities and attractions; and participate in partnerships with other agencies and entities involved in riverfront revitalization.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of riverfront entertainment, cultural, recreational and educational amenities completed		2	4	5	0
# of downtown housing units completed	357	350	271	60	327
# of downtown retail or entertainment establishments completed	10	18	5	9	0
# of patrons of City-owned entertainment and sports venues	2,248,517	1,976,517	2,010,299	2,140,000	2,000,000
# of job-producing downtown developments completed	1	2	1	3	0
# of hotel rooms added		356	0	256	0
# of riverfront housing units completed		114	30	754	601
# of historic riverfront structures preserved		2	15	2	0
net increase in office square feet (DT & Riverfront)	615,000 sq ft	1,050,000 sq ft	1,250,000 sq ft	187,000 sq ft	150,000 sq ft
net increase in retail square feet (DT & Riverfront)	30,000 sq ft	260,000 sq ft	348,000 sq ft	39,000 sq ft	12,000 sq ft

Explanation of key performance measures:

- All measures for this service activity reflect results from CPED assistance; privately financed activity is not included in counts such as net increase in office or retail square feet.
- "Completed" means there has been a final construction disbursement, a Certificate of Completion has been issued by CPED, and/or a Certificate of Occupancy has been issued by the City.
- Number of downtown housing units completed is a subset of totals reported under Housing service activities.
- Number of riverfront housing units completed is a subset of totals reported under Housing service activities.

C. Community Planning

Service Activity:

1. Community Engagement - Provide support to elected officials, residents, City departments, neighborhood groups, developers and others to encourage participation in City processes.

Description:

CPED is responsible for engaging the community in the City's processes and development.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
% of residents involved with planning				40%	50%
processes who are confident that their					
input will become part of the City's					
decision-making process.					

Explanation of key performance measures:

The purpose of this engagement is not only to listen to the community, but to involve them at all levels. This includes providing input into policy development and allowing this input to become part of the decisions being made.

Service Activity:

2. Research - Conduct research and analysis on trends affecting City policy and development.

Description:

CPED supports and promotes the goals identified in The Minneapolis Plan.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of studies conducted on trends affecting City policy and development.	12	10	8	8	8
# of comprehensive plan amendments presented/approved			1	3	3

Explanation of key performance measures:

Research activities connect local, regional and national information to determine trends in the City of Minneapolis. This trend information is used to study policy issues and actions as they relate to The Minneapolis Plan.

Service Activity:

3. Comprehensive Planning - Provide support to elected officials, residents, City departments, neighborhood groups, developers and others to further refine and implement The Minneapolis Plan.

Description:

CPED is responsible for preparing, implementing and refining the City's comprehensive plan. This is accomplished through interaction with various groups and organizations. CPED provides guidance, assistance, technical support, research and plan preparation.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of presentations to inform various entities about The Minneapolis Plan	4		4	20	10
# of neighborhood/small area/citywide	25		30	35	25

Explanation of key performance measures:

Planners provide a contact point by geographic sector for neighborhood organizations and others to inform and participate in the development of The Minneapolis Plan.

D. Development Services

Service Activity:

1. Administer and interpret the zoning code and land subdivision regulations.

Description:

Development Services zoning staff consult with clients on a daily basis, helping customers at the counter or in scheduled meetings, reviewing building permits and all business license applications for zoning code compliance, and answering phone inquiries.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of clients assisted at service counter (One-Stop Shop)		4,218	4,500	5,000	5,000
# of building permits reviewed at service counter (One-Stop Shop)		2,460	4,958	4,500	4,500
# of telephone calls answered			40,040	38,000	38,000
# of client appointments		1,978	2,839	2,000	2,000

Explanation of key performance measures:

Service Activity:

2. Review and prepare findings and recommendations on applications for approvals as required by the zoning code, land subdivision regulations, and state law.

Description:

Development Services staff provide analysis and recommendations on land use applications through written reports to the City Planning Commission, the Board of Adjustment and the City Council that insure that development proposals conform with the comprehensive plan, zoning code, subdivision regulations, and other relevant City ordinances and policies.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of land use applications reviewed	871	926	996	931	931
% of applications completed within state- mandated timeframes	100%	100%	100%	100%	100%

Explanation of key performance measures:

In general, land use and HPC applications, administrative reviews and phone inquiries are driven by market forces or the needs of the public. The City does not set a goal or specific number to review. We are required to review all applications and answer all questions received. Looking at the number of applications reviewed or number of phone calls answered gives a good idea of the amount of work accomplished in a given year. Looking at the amount completed in the state-mandated time frame gives a good idea of how well we are completing this work. Other measures may be available but are more difficult to quantify. Looking at the degree of satisfaction of the developer or the public may not be a good indicator, because many times land use issues have winners and losers. For example, neighbors may be unhappy if a developer receives approval for a multifamily development even if it is in conformance with City goals.

Service Activity:

3. Administer and interpret the City's heritage preservation regulations.

Description:

HPC staff are responsible for the identification of historic resources, designation of historic landmarks and historic districts, review of applications for required approvals, particiation in 106 reviews, implementation of heritage preservation regulations, and education and outreach.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of properties designated	3	2	35	34	3
# of historic resources identified			226	250	250
# of Heritage Preservation Commission applications reviewed	192	211	155	190	185
# of demolition permits reviewed	370	124	154	110	129

Explanation of key performance measures:

E. Workforce Development

Service Activity:

1. Provide living wage job opportunities for Minneapolis residents.

Description:

CPED addresses workforce issues such as Living Wage, job training and placement, Empowerment Zone employment opportunities and partnerships among majority, minority and women-owned general contractors.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
unemployment rate for City residents	3.9%	4.4%	5.9%	5.7%	5.0%
# of jobs provided through job linkage agreements	689	1,020	1,214	1,600	2,300
% of job linkage agreement jobs that pay living wage	87.95%	87.05%	72.24%	82%	80%
% of job linkage agreement hires that reside in Minneapolis	60.66%	56.6%	58.89%	60%	60%
# of job linkage agreements executed		6	13	9	8

Explanation of key performance measures:

- A "living wage" job pays 110 percent of the federal poverty level for a family of four (currently \$9.73 per hour); pays 100 percent of the federal poverty level for a family of four and also provides health benefits; or pays wages in accordance with a union contract.

Service Activity:

2. Manage adult training, placement and retention programs.

Description:

Neighborhood organizations throughout the City provide assistance with skill assessment, career planning, access to training to build job-related skills, job search, job development, job placement, and support for retention in employment. Services are funded by a variety of federal programs and are available to low-income Minneapolis residents, including those unemployed and receiving public assistance.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of people served	620	759	938	624	640
# of people placed	610	704	879	621	615
average wage	\$10.06	\$10.96	\$9.84	\$10.07	\$10.15

Explanation of key performance measures:

Service Activity:

3. Manage Welfare to Work programs.

Description:

The Welfare to Work programs provide assessment, job readiness, education, job placement and job retention services to welfare recipients as well as non-custodial parents of children on welfare. Employment services are provided by Workforce Centers and community based organizations throughout Hennepin County.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of people served	12,288	11,901	14,906	15,483	15,989
# of people placed	5,164	4,511	5,168	5,158	5,149
average wage	\$8.82	\$9.95	\$10.37	\$10.28	\$10.23

Explanation of key performance measures:

- The number served equals all mandatory MFIP participants who received employment services including assessment, job readiness, education and training, placement, support services and retention services.
- The number placed equals all participants working and receiving partial MFIP benefits at the end of the year plus all participants whose employment put them over 120% of poverty who left MFIP.
- The average wage is for those who worked their way off MFIP.

Service Activity:

4. Manage youth employment programs.

Description:

Non-profit organizations and public school special needs programs provide learning-rich work opportunities that are subsidized with city, state and federal funds. In addition, participants age 14-21 have the opportunity to attend the academic enrichment component, have a business mentor and experience work, leadership development, multi-cultural living and environmental education at Camp Sunrise. Community Based Organizations provide case management services through objective assessment, individual service strategies and goal setting to help at-risk 14-21 year olds achieve target outcomes in the areas of work, school and employability skills.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of youth served in year round programs	415	397	393	387	435
skill attainments (year round programs)	450	*	876	362	350
retention 90 days (year round programs)	N/A	*	63%	71%	70%
retention 183 days (year round programs)	N/A	*	55%	61%	60%
# of youth served in summer programs	1,427	1,378	1,218	1,326	1,325
academic enrichment (summer programs)	374	343	356	385	375
mentorships (summer programs)	200	211	113	75	100

Explanation of key performance measures:

The number served in summer programs equals those youth in subsidized and non-subsidized positions.

Academic enrichment is provided through C.L.A.S.S. Mentorships are through private employers.

The number served in year round programs includes new enrollments during the program year. Many others also receive services.

The skill attainments represent work readiness, basic skills and occupational skills attained by the participants.

The 90 and 183-day retention percentages are figures that represent the levels of those employment terminations that are still working.

^{*}Not available due to software transition.

Service Activity:

5. Manage Dislocated Worker Program.

Description:

Non-profit and government agencies are funded with federal and state resources to assist workers who lose their jobs through downsizing, reorganizations, and closings. Workers receive individually tailored services leading to reemployment in comparable jobs. Services may include assessment, career counseling, skills updating, retraining, and job search support.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of people served	620	1,024	1,206	1,500	975
# of people placed	550	543	405	480	320
average wage of placement	\$18.67	\$20.08	\$19.59	\$20.69	\$19.00
wage replacement	97%	90%	90%	85%	84%

Explanation of key performance measures:

Wage replacement is the percentage of average wages at the new job versus the average wage of the last job.

F. Partnerships and Community Engagement

Service Activity:

1. Provide technical and financial support to neighborhood organizations, business associations and the Neighborhood Revitalization Program.

Description:

CPED citizen participation activities increase involvement in neighborhood organizations to help communities address housing and economic development issues. The Business Association Assistance Program provides funds to strengthen business associations that stabilize neighborhood commercial areas. As part of the administrative support provided to the Neighborhood Revitalization Program, CPED administers interjurisdictional contracts for implementation of NRP activities.

Key Performance Measures for the Service Activity:

Var. Danfauman an Masarina	2000 A stud	2004 Astual	2002 Astual	2002 Fatimated	2004 Dunington
Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of neighborhood organizations assisted		62	65	65	65
amount of financial assistance to neighborhood organizations		\$445,000	\$439,000	\$439,000	\$439,000
# of business associations assisted		33	34	34	35
amount of assistance to business associations		\$204,665	\$205,000	\$200,000	\$210,000

Explanation of key performance measures:

Service Activity:

2. Support police/community communication and partnerships to further reduce crime.

Description:

The City of Minneapolis, Hennepin County, the State of Minnesota, businesses, residents and community-based organizations will collaborate on neighborhood-based safety strategies that help residents and businesses combat drug-related activity, reduce juvenile crime and create safer neighborhoods.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of crime prevention programs			10	49	49
# of businesses receiving crime prevention services			N/A	18	18
# of individuals receiving crime prevention services			251	475	475
х					
% reduction in Type I crimes in targeted high-crime neighborhoods within the					
Empowerment Zone					

Explanation of key performance measures:

These performance measures reflect the City's engagement and empowerment of residents and business people to take a stand against crime by getting involved in personal efforts to reduce crime in their neighborhood.

Data will be added as business planning work continues.

Service Activity:

3. Expand utilization of community assets that assist families in becoming successful and economically self-sufficient.

Description:

CPED works with community-based organizations to implement a collaborative education network that prepares and supports new arrivals and others for full participation in the economic and social fabric of the community. This includes services that nurture and support young people and their families.

Key Performance Measures for the Service Activity:

Key Performance Measure	2000 Actual	2001 Actual	2002 Actual	2003 Estimated	2004 Projected
# of families receiving self-sufficiency training					
# of youth receiving education					
# of daycare slots available in the Empowerment Zone					
# of daycare slots available in the City of Minneapolis					
% increase in daycare slsots available in the Empowerment Zone					
% increase in daycare slots available in the City of Minneapolis					

Explanation of key performance measures:

of individuals receiving health and

wellness services

The areas in which the Empowerment Zone will be investing in the next one to two years include daycare, youth education and summer activities, self-sufficiency support for new arrivals and low income families, and the health and well-being of Empowerment Zone residents.

Data will be added as business planning work continues.

Financial Analysis: (To be completed by the Finance Department)

EXPENDITURES

The Community Planning and Economic Development department reflects financial and position history of its predecessor organizations: planning, Minneapolis Community Development agency, Minneapolis Employment and Training Program, and the Empowerment Zone. The total budget for this department reflects an 18% decline over the 2003 adopted budget, including the reduction of 59 positions.

REVENUE

The department's revenue reflect the decline in property tax increment revenue since the 2001 property tax changes. The department's total revenue declined by 16% over 2003 adopted budget.

LOCAL GOVERNMENT AID IN 2003

The planning function eliminated 8 positions as a result of Local Government Aid reductions

MAYOR'S RECOMMENDED BUDGET

The Mayor's recommended budget includes \$110,000 of increases to zoning revenue:

- ? Zoning Compliance Mortgage letters (\$40,000)
- ? Increased zoning fees (\$50,000)
- ? Institution of postage charges (\$5,000)
- ? New garage review fees (\$15,000)

The Mayor's recommendation adds additional resources in a like amount to the department's budget to restore resources from previous cuts.

COMMUNITY PLANNING & ECONOMIC DEVELPMENT Staffing Information

	2001	2002 Adopted Budget	2003 Adopted Budget	2004 Mayor's Recomm.	% Change	Change
FTE's by Division						_
Executive	60.00	56.63	58.23	45.50	-21.86%	(12.73)
Economic Policy and Development	36.50	33.50	32.50	29.00	-10.77%	(3.50)
Strategic Partnerships	16.25	16.25	16.25	18.25	12.31%	2.00
Housing Policy and Development	63.50	63.50	57.50	21.00	-63.48%	(36.50)
Planning	35.50	34.50	42.00	34.00	-19.05%	(8.00)
Total FTE's	211.75	204.38	206.48	147.75	-28.44%	(58.73)

Interim CPED Organizational Chart

